

ND Burns Off 1/3 Natural Gas Supply

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BISMARCK, N.D. (AP) — Enough natural gas to heat every home in North Dakota through at least two brutal winters was burned off as an unmarketable byproduct in the state's oil patch in 2008, records obtained by The Associated Press show.

North Dakota produced a record 62.8 million barrels of oil last year, up nearly 18 million barrels from 2007. Natural gas, a byproduct of oil production, was pegged at 86 billion cubic feet — of which 26 billion cubic feet was "flared" because of the lack of collecting systems and pipelines needed to move it to market, said Lynn Helms, director of the state Department of Mineral Resources.

"Although natural gas creates much less revenue than oil, there is still a lot of value there," Helms said. "We don't want to see it go up in smoke."

Helms said "tens of millions of dollars" of natural gas pipelines are being planned for North Dakota, and capacity is being increased at three of the nine processing plants in the state. But it may take up to three years for the infrastructure to be built to process and ship natural gas from wells where it's now being flared, he said.

Flaring natural gas also creates carbon dioxide emissions blamed for global warming.

"This is a waste of a natural resource and it's completely unacceptable," said Wayne Schafer, a North Dakota spokesman for the Sierra Club. "We're getting the pollution without getting the energy."

Less than 1 percent of natural gas is flared from oil fields nationwide, and less than 3 percent worldwide, said Amy Sweeney, a statistician for the Energy Information Administration in Washington, D.C.

North Dakota flaring nearly a third of its natural gas "obviously is an anomaly," she said.

"We are burning a commodity but we really don't have a choice because nobody wants the oil wells to stop producing," said Ron Ness, president of the North Dakota Petroleum Council, a Bismarck-based group that represents about 160 companies.

Ness said the oil boom, led by the Bakken shale formation in western North Dakota, also spurred record natural gas production that was more than the pipeline infrastructure could handle, he said.

"Oil production increased 73 percent last year so there was no way around it," Ness said. "Nobody wants to burn a valuable resource."

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North Dakota homes used about 11.5 billion cubic feet of natural gas in 2008, Sweeney said. Industry consumes about two-thirds of natural gas in the state, she said.

Terry O'Clair, the state Health Department's air quality director, said the flare emissions in the state's oil patch are within acceptable air quality guidelines.

Pecan Pipeline North Dakota Inc., a subsidiary of EOG Resources Inc. of Houston, is building a \$45 million pipeline that would transport natural gas about 75 miles from Palermo to Towner, where it would hook up with the Alliance pipeline that runs from western Canada to Chicago.

Justin Kringstad, director of the state Pipeline Authority, said the Prairie Rose Pipeline slated to be completed this fall could move about 80 million cubic feet of natural gas daily.

And Bismarck-based Williston Basin Interstate Pipeline Co., a unit of MDU Resources Group Inc., announced last year that it is planning a 100-mile-long pipeline to carry natural gas from the Bakken shale formation. The pipeline would cost between \$50 million and \$75 million and would initially carry 100 million cubic feet of natural gas daily.

But spokesman Mark Hanson said the project is hampered by a glut in the natural gas market, an ailing economy and low energy demand. Natural gas is fetching just over \$3 per 1,000 cubic feet, down from more than \$10 a year ago.

"We're still exploring demand and potential customers," Hanson said. "We need customers for the gas to go to."

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